

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 SP-02 USIA-06 AID-05 EB-07 NSC-05

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E.O. 11652: N/A

TAGS: EAID, EALR, EFIN, PE

SUBJECT: WORLD BANK PRESIDENT MCNAMARA'S VISIT TO PERU

1. ON MARCH 7, WORLD BANK PRESIDENT MCNAMARA CONCLUDED A FIVE-DAY VISIT TO PERU, DURING WHICH HE MET WITH PRESIDENT MORALES BERMUDEZ, PRIME MINISTER FERNANDEZ MALDONADO, KEY CABINET MINISTERS, AND LEADING PERUVIAN BANKING OFFICIALS. MCNAMARA TOLD REPORTERS THE PURPOSE OF HIS VISIT WAS "TO LEARN ON THE SPOT HOW THE WORLD BANK CAN HELP THE GOP CARRY OUT ITS OBJECTIVES AND ECONOMIC AND SOCIAL PLANS."

2. ACCORDING TO PRESS REPORTS, MCNAMARA SAID THAT IN THE PAST SIXTY DAYS THE WORLD BANK HAS APPROVED MORE THAN \$115 MILLION IN LOANS TO PERU. THESE INCLUDE \$76.5 MILLION TO HELP FINANCE THE LIMA-PUCALLPA ROAD PROJECT AND ASSIST IN THE CONSTRUCTION OF RIVER PORTS IN THE JUNGLE AND \$36 MILLION FOR THE EXPANSION OF LIMA'S ELECTRICAL SYSTEM. HE ALSO COMMENTED THAT THE GOP HAS REQUESTED ADDITIONAL LOANS TO IMPROVE HOUSING IN PUEBLOS JOVENES (SHANTY-TOWNS) AND TO HELP DEVELOP ROAD SYSTEMS AND AGRICULTURAL AND INDUSTRIAL PROJECTS.

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3. DURING HIS STAY, MCNAMARA VISITED THE "MODEL" PUEBLO

JOVEN OF EL SALVADOR AND THE SUGAR COOPERATIVE "CASE GRANDE" NEAR TRUJILLO. HE SPENT THE LAST DAY OF HIS VISIT IN CUZCO, ACCOMPANIED BY CENTRAL RESERVE BANK DIRECTOR CARLOS SANTIESTEBAN AND COFIDE DIRECTOR OSCAR ESPINOZA. FROM CUZCO, HE FLEW DIRECTLY TO LA PAZ.

4. COMMENT: COFIDE OFFICIAL TOLD US THAT MCNAMARA DISCUSSED PERU'S DIFFICULT ECONOMIC SITUATION AND ITS INVESTMENT PROGRAM WITH HIS HOSTS, AND THAT HE AND HIS ADVISORS FULLY UNDERSTOOD EFFECT OF PRESENT CONSTRAINTS ON PERUVIAN ECONOMIC PERFORMANCE. MCNAMARA APPARENTLY DID NOT OFFER ANY SPECIFIC SUGGESTIONS TO PERUVIANS, BUT NEITHER DID HE LEAVE WITHOUT ASKING SOME FAIRLY SEARCHING QUESTIONS ABOUT ACTUAL STATE OF THE ECONOMY. FOLLOWING MCNAMARA'S DEPARTURE, WORLD BANK TEAM, WHICH WILL EVENTUALLY COMPRISE SOME 20 EXPERTS, BEGAN ARRIVING IN LIMA FOR LENGTHY STUDY OF ALL ASPECTS OF PERUVIAN ECONOMY. THIS VISIT, ACCORDING TO ONE TEAM MEMBER, IS NOT DIRECTLY RELATED TO MCNAMARA'S TRIP, SINCE TEAMS' MANDATE IS TO COMPLETE ROUTINE FULL-SCALE STUDY ON PERU, WHICH BANK DOES EVERY FIVE YEARS FOR ITS LDC MEMBERS.
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